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SIPDIS

STATE FOR EUR/ERA AND EUR/AGS - VIKMANIS KELLER

E.O. 12958: N/A

TAGS: <u>EAGR ETRD AU</u>
SUBJECT: DEMARCHES TO AUSTRIA ON EU'S AGRICULTURAL MARKET

ACCESS PROPOSAL

REF: A. (A) ALLGEIER CONFERENCE CALL 10/21/05

- **1**B. (B) STATE 195286
- ¶C. (C) VIENNA 3398
- 1D. (D) STATE 190583
- 11. In response to ref (a), Charge delivered our request for Austria's support to key Austrian officials.
- 12. On Friday, October 21, Charge urged Agriculture Minister Josef Proell to support reductions in tariffs to a zone between the U.S. and the G-20 positions. Proell, who was going to meet with his EU counterparts in Luxembourg on October 24-25, said he hoped for a solution in WTO talks, but added that he wants it to be a solution that "protects Austrian farmers." Proell acknowledged the need for reductions in market access protections and in amber box domestic support, but said the U.S., Asia and the G-20 had to reduce such supports, as well as cut export subsidies. He said be believed a solution "within the mandate of the Commission" was possible. He noted the difficulty in the need to find solutions to issues such as non-agricultural market access (NAMA) and services, as well. Proell also pointed out disagreements on the sensitive products list.
- 13. Charge stressed that agriculture was blocking progress across the board, and we had to address these issues in order to move to NAMA and services. She noted that the U.S. believed we were where we needed to be to negotiate on domestic support and export subsidies. The key was the issue of tariffs on agricultural products between developed countries, and the Commission's proposal had to be within the zone which the U.S. and G-20 proposals had defined. We acknowledged the need for a realistic position on sensitive products, as well.
- 14. On Monday, October 24, in the absence of the Foreign Minister and her deputy, Charge met with Johannes Kyrle, Austria's acting deputy foreign minister. Kyrle observed that Proell was key on the issue, noted tha the government must be responsive to the needs of the agricultural sector, and undertook to get back to us on the Austrian position expeditiously. The Charge pointed to the U.S.'s willingness to put difficult and robust proposals on the table in order to push ahead in Hong Kong and urged Austria to be equally forward-leaning.

- 15. Economics Minister Martin Bartenstein remains out of town (he is in London October 24-25). In his absence, post conveyed our message to the Economics Ministry's Under Secretary-level head of Foreign Trade, Josef Mayer. Per ref SIPDIS
- (c), the Economics Ministry has supported initiatives to ensure that negotiations remain possible. We will follow up with Bartenstein, who is now scheduled to meet with the Deputy Secretary in Washington on October 28. van Voorst